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Approved For Release 2004/07/08 : CIA-RDP79T00975A001200660001-5

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6 September 1953

25X1

Copy No. 67

25X1

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 66
NO CHANGE IN CLASS. X
CLASS. CHANGED TO: TS 8
NEXT REVIEW DATE: 2001
AUTH: HR 70-2
DATE 12-11-79 REVIEWER: []

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

25X1

State Dept. review completed

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25X1

25X1A

S U M M A R Y

25X1

N E A R E A S T - A F R I C A

2. Iranian prime minister gives informal Battle Act assurances (page 3).
3. Comment on the Arab League Defense Council meetings (page 4).

W E S T E R N E U R O P E

4. Embarrassment to US seen in British reduction of occupation forces in Austria (page 4).

T H E F O L L O W I N G I T E M S W E R E A D D E D O N 7 S E P T E M B E R

- ✓ 5. Comment on Tito's 6 September speech on the Trieste dispute (page 5).
- ✓ 6. Comment on the West German elections. (page 6).

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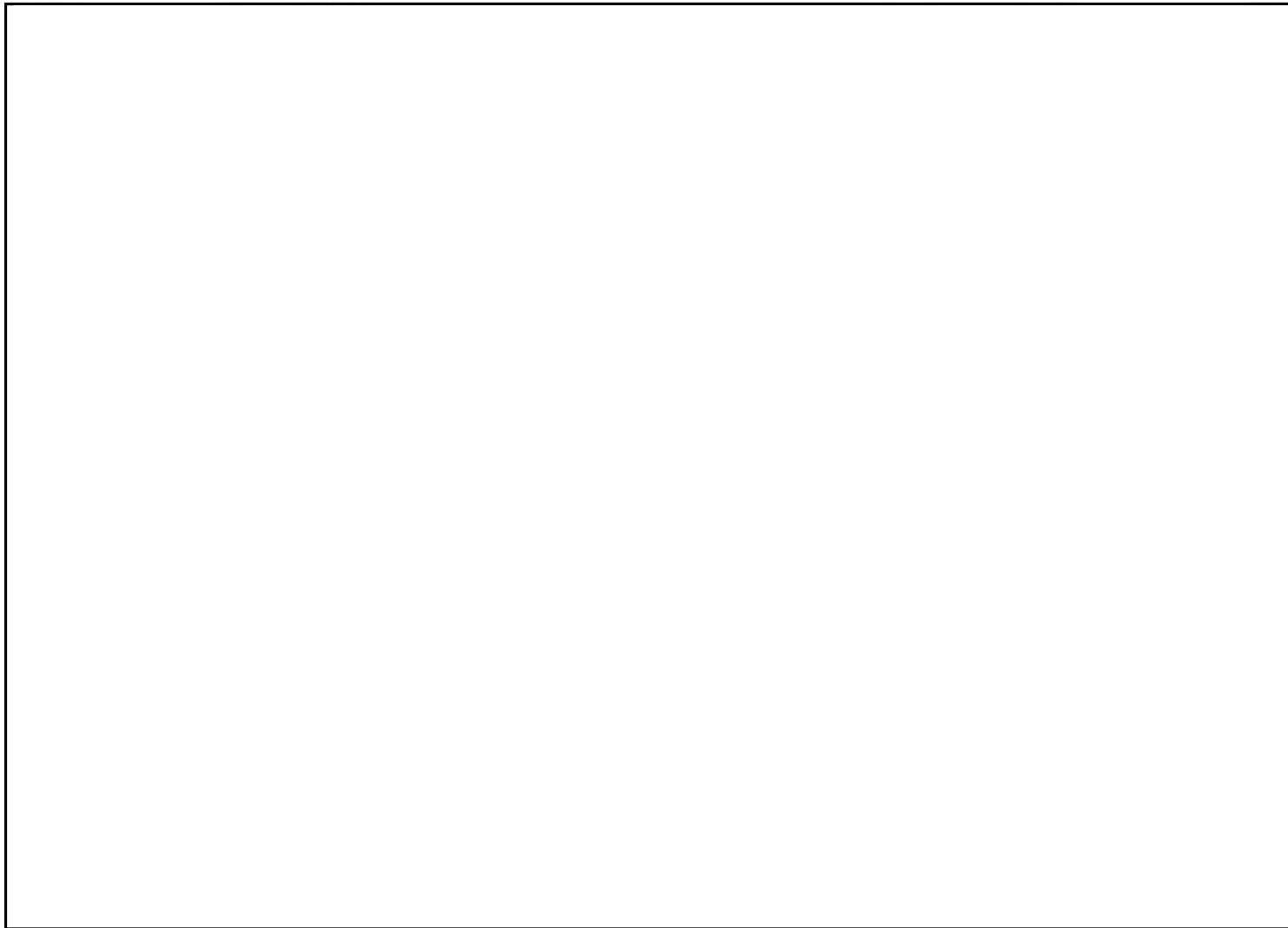
- 2 -

25X1A

6 Sept 53

25X1A

25X1



NEAR EAST - AFRICA

2. Iranian prime minister gives informal Battle Act assurances:

25X1A

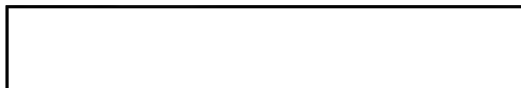


On 3 September Iranian prime minister Zahedi verbally assured Ambassador Henderson and Point IV director Warne that Iran would not sell to the Soviet

Orbit those commodities which the United States considered to be strategic materials under the provisions of the Battle Act.

- 3 -

25X1A



6 Sept 53

Zahedi added that Iran probably also would not sell to the USSR some of the goods provided for in the Iranian-Soviet trade agreement signed earlier that day.

Comment: Two days earlier Zahedi had asked to be informed of any commodities Iran might send to the USSR which America considered to be strategic materials.

The terms of previous Iranian-Soviet trade agreements have rarely been met by either party.

3. Comment on the Arab League Defense Council meetings:

25X1A

[REDACTED] The meetings of the Arab League Defense Council, which opened in Cairo on 4 September, are likely to achieve little progress toward the establishment of an effective regional defense organization. The council, composed of the ministers of war of the league states, is reportedly studying the recommendations of the Arab chiefs of staff conference which ended 1 September.

It is doubtful, however, that any final decisions were reached by the chiefs of staff. Discussions reportedly concerned the establishment of a unified Arab military command, standardization of arms, and joint training plans. [REDACTED]

25X1

25X1

[REDACTED] Egyptian efforts to assert leadership over the group resulted in friction, particularly with the Iraqi delegation.

WESTERN EUROPE

4. Embarrassment to US seen in British reduction of occupation forces in Austria:

25X1A

[REDACTED] The US ambassador in Austria sees a possibility of serious embarrassment to the American position in Austria in the British decision to reduce its occupation forces.

The ambassador fears that in the event the French follow suit, the USSR may make a partial withdrawal of its forces to Hungary.

- 4 -

25X1A

6 Sept 53

Comment: Following the 30 July announcement that the USSR would assume its occupation costs, the British on 19 August announced their intention to end Austrian occupation payments for their token 4,000-man force by 1 January 1954.

The French have been under considerable pressure from the Austrian press to reduce their forces. The French high commissioner stated on 31 July that he intended to recommend that the 9,000 French occupation troops be reduced to a token force.

THE FOLLOWING ITEMS WERE ADDED ON 7 SEPTEMBER

5. Comment on Tito's 6 September speech on the Trieste dispute:

25X1A

[redacted] Marshal Tito has reverted to an ostensibly uncompromising position by proposing that the city of Trieste be internationalized and that the remainder of the Free Territory go to Yugoslavia. By substituting this plan for previous compromise suggestions for a condominium or division of the territory he hopes at the least to prevent further concessions to Italy in Zone A.

This move probably also is intended to improve his chances of pushing the US and Britain into imposing a new solution on Italy. If he does not attain such an objective, he can continue to sit tight and employ the threat of annexing Zone B to block concessions in Zone A.

As of 7 September, no Yugoslav troops have been moved to the frontier from other areas. Tito apparently recognizes that the current dispute would become dangerous if he took such action. In his speech, he implied that none will be moved unless there is an Italian-inspired incident.

25X1

Such an incident, in the form of pro-Italian riots in Trieste, is an ever-present possibility.

25X1

25X1

[redacted]
[redacted] The Italian Foreign Ministry has as yet made no official comment on Tito's speech.

- 5 -

25X1A

7 Sept 53

6. Comment on the West German elections:

25X1A [redacted] The overwhelming plurality achieved by the Christian Democratic Party in the 6 September West German election is attributable to the direct appeal of Chancellor Adenauer to the center and right, which upset the traditional German voting pattern of supporting parties rather than personalities.

With his own party alone commanding almost exactly half of the seats in the new Bundestag, Adenauer should have no difficulty forming another coalition like his last. He could probably also command the two-thirds parliamentary vote required to amend the constitution if this proves necessary to permit German rearmament. Because the victory represents a personal mandate, Adenauer may, however, become increasingly independent and more difficult to deal with.

The failure of the Social Democratic propaganda against EDC is likely both to give a new impetus to the concept of European integration and to cause extensive changes in policy and leadership within the party itself.

- 6 -

25X1A [redacted] 7 Sept 1953